

S T O L L | K E E N O N | & | P A R K | L L P

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January 16, 2004

Mr. Thomas N. Dorman
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40601

RECEIVED

JAN 26 2004

PUBLIC SERVICE
COMMISSION

RE: Case No. 2003-00360

Dear Mr. Dorman:

Enclosed for filing in the above-referenced case are the original and ten (10) copies of the Testimony of Fred Buckner on Behalf of Vulcan Materials Company "(Vulcan)". Please indicate receipt of this filing by your office by placing a file stamp on the extra copy and returning to me the enclosed, self-addressed stamped envelope.

Sincerely,

C. Kent Hatfield

C. Kent Hatfield
Counsel for Vulcan Materials Company

CKH:jms

enc.

cc: Parties of Record

BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION

CASE NO 2003-00360

RECEIVED
JAN 20 2004
KENTUCKY PUBLIC SERVICE COMMISSION

RE: PETITION OF DOE VALLEY UTILITIES, INC.
FOR DETERMINATION AS TO JURISDICTIONAL
STATUS OF DOE VALLEY UTILITIES, INC.
AND ADDITIONAL OR ALTERNATIVE DETERMINATIONS

TESTIMONY OF FRED BUCKNER
ON BEHALF OF VULCAN MATERIALS COMPANY

Lindsay Sinor
Senior Attorney
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COUNSEL FOR VULCAN MATERIALS COMPANY

1 **Q. Please state your name and business address?**

2 A. Fred W. Buckner, Vulcan Materials Company, 1280 Manchester St., Lexington,
3 Ky.

4 **Q. Please state your position with Vulcan Materials and explain your**
5 **responsibilities?**

6 A. I am the Area Operations Manager for Vulcan. I have held this position for
7 approximately three years and am responsible for the operation of Vulcan's six mines in
8 Kentucky.

9 **Q. What is your educational background?**

10 A. I have a B.S. in Mining Engineering from the University of Kentucky and an
11 M.B.A. from Nova Southeastern University.

12 **Q. Please explain to the Commission the nature of Vulcan's mining operation in**
13 **Meade County?**

14 A. Vulcan's mine in Meade County is an open pit stone quarry which was
15 commenced in the late 1950's by the Osborne Brothers. At this mine, Vulcan produces
16 graded state-approved limestone for road and other construction purposes. We directly
17 employ six workers at the plant. Our business provides work and revenue for trucking
18 companies, construction companies, and various vendors that supply us as well as our
19 customers. Our mine contributes to the local economy, and state and local government
20 through the payment of wages and fringe benefits, severance taxes, property taxes, and
21 sales taxes.

22 **Q. Please describe the mining activity at the plant?**

23 A. Our Meade County mine has over 80 years of reserves at current operational

1 levels. Our mining activity follows market demand for our product and drives our
2 operation. Typically, the mining activity slows in the winter months as demand
3 diminishes, and resumes as more seasonable weather returns.

4 **Q. Please detail the background of Vulcan as a water customer of Doe Valley**
5 **Utilities?**

6 A. Vulcan purchased the mine from WACO in 1982. Doe Valley Utilities was
7 supplying the mine with water service at that time. We note that in its Response to
8 Interrogatory No. 1, Doe Valley Utilities states that service commenced to the mine in
9 1979.

10 **Q. Where does Vulcan receive delivery of water from Doe Valley Utilities?**

11 A. Vulcan receives its water from Doe Valley at Vulcan's meter which is inside the
12 Doe Valley development, and located adjacent to the Doe Valley water treatment plant.
13 Vulcan owns its own two-inch water line from the meter which takes the water from the
14 water plant to the mine across the street.

15 **Q. Please describe Vulcan's water usage at the mine?**

16 A. About 90% of Vulcan's water needs are for environmental purposes for legally-
17 required dust control in our mining operations. We also use a small amount of water for
18 sanitation purposes. Our water usage can run as low as 500 gallons per month when the
19 mine is closed for lack of market demand, to as high as 89,000 gallons per month when
20 the mine is fully operating at times of high market demand.

21 **Q. Please explain Vulcan's agreement to voluntary restrictions on water usage?**

22 A. Doe Valley Utilities approached Vulcan and advised that it was short of water
23 treatment capacity to serve its growing needs during the summer months. Doe Valley

1 asked Vulcan to agree voluntarily to cut its water usage to a maximum of 5000 gallons
2 per month or 60,000 gallons per year. Effective August 1, 2003, Vulcan agreed to these
3 voluntary restrictions with the understanding that Vulcan's rights to water service would
4 be restored fully when Doe Valley's water treatment plant was upgraded.

5 **Q. What alternatives does Vulcan have for water service other than to receive it**
6 **from Doe Valley Utilities?**

7 A. There is no practicable alternative to service from Doe Valley. The Meade
8 County Water District is the other water supplier in the area, but the Water District would
9 require Vulcan to pay for the construction of a lengthy pipeline to hook up service to
10 Vulcan. This pipeline would cost approximately \$100,000, an amount which would
11 render the entire mine uneconomical and potentially force the shutdown of an otherwise
12 viable mining operation and result in the layoff of employees.

13 **Q. What action does Vulcan ask the Public Service Commission to take in this**
14 **proceeding?**

15 A. Vulcan asks the Commission to approve Doe Valley's request to be non-
16 jurisdictional. Vulcan receives service inside the Doe Valley development and has its
17 own service line to the mine. Doe Valley has supplied Vulcan's water for many years.
18 For all practical purposes, Vulcan is not an outside the development customer. The
19 Commission should recognize that Doe Valley's service to Vulcan is historical and is not
20 part of a plan to serve the public generally. The Commission should grandfather-in Doe
21 Valley's service to Vulcan as non-jurisdictional. This would allow Vulcan's mine to
22 continue to operate and provide employment and tax revenues to the local economy.

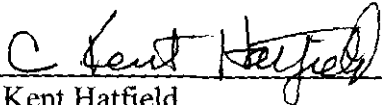
23

1 **Q.** **Does this complete your testimony?**

2 **A.** Yes, at this time.

CERTIFICATE OF SERVICE

This is to certify that I have this 15th of January, 2004 caused to be served by United States mail a copy of the foregoing upon the following persons, properly addressed as follows:


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